

Message Text

SECRET

PAGE 01 STATE 246065

16
ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EUR/WE - W.P. KELLY
APPROVED BY S/ THE SECRETARY
EUR - MR. HARTMAN
EB/IFD/OMA - MR. RYAN
S/S - SESTEINER

----- 040150

O 030433Z OCT 76
FM SECSTATE WASHDC
TO AMEMBASSY MANILA IMMEDIATE

S E C R E T STATE 246065

EXDIS FROM THE SECRETARY FOR SECRETARY SIMON

E.O. 11652: XGDS-4

TAGS:EFIN, PO, US

SUBJECT: BALANCE OF PAYMENTS LOAN FOR PORTUGAL

1. I REGRET THAT OUR SCHEDULES PREVENTED ME FROM TELEPHONING YOU BEFORE YOU LEFT WASHINGTON. IN YOUR MEETING NEXT WEEK IN MANILA, YOUR PORTUGUESE COLLEAGUE IS LIKELY TO RAISE THE GOP'S PRESSING REQUEST FOR A BALANCE OF PAYMENTS LOAN. YOU MAY RECALL THAT THIS WAS FIRST BROACHED LAST MARCH, AND WE LATER DISCUSSED IT WITH THEN FINANCE MINISTER ZENHA AT THE JUNE OECD MEETINGS IN PARIS. CARLUCCI ALSO TALKED WITH YOU AND ARTHUR BURNS ABOUT IT.

2. THERE ARE NOW MAJOR CHANGES IN PORTUGAL. PRIME MINISTER SOARES TOOK OFFICE TWO MONTHS AGO AND HAS ALREADY ANNOUNCED A MOST COURAGEOUS ECONOMIC RECOVERY PROGRAM WITH TOUGH MEASURES DIRECTED AGAINST COMMUNIST CONTROL OF TRADE UNIONS AND AGRICULTURAL GROUPS. HIS PROGRAM INCLUDES FORCIBLE EVICTION OF ILLEGAL SQUATTERS FROM FARM LAND AND RESTORATION OF PROPERTY TO ITS RIGHTFUL OWNERS, RE-ESTAB-

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LISHMENT OF WORKER DISCIPLINE, RESTRICTIONS UPON FUTURE

WAGE INCREASES, BUDGETARY CONSTRAINTS, ENCOURAGEMENT FOR
ADVANCES IN PRODUCTIVITY AND A MUCH FRIENDLIER ATTITUDE
TOWARD PRIVATE INVESTMENT.

3. WE HAVE TOLD THE PORTUGUESE REPEATEDLY THAT WE SUPPORT
THEIR EFFORTS TO CONSOLIDATE PRO-WESTERN DEMOCRACY AND THAT

THEY COULD CONTINUE TO COUNT ON US. SOARES HAS MET OUR
CONDITIONS. WE SHOULD MOVE QUICKLY TO FULFILL OUR
PROMISES BECAUSE THE HIGHLY FAVORABLE POLITICAL DEVELOP-
MENTS IN PORTUGAL IN THE LAST 10 MONTHS WILL BE JEOPAR-
DIZED BY LEFT AND RIGHT REACTION IF THE ELECTED GOVERNMENT
CANNOT RESTORE ECONOMIC ORDER TO MATCH ITS PROGRESS ON
POLITICAL STABILITY. HAVING CHALLENGED THE COMMUNISTS IN
THE AREAS OF THEIR GREATEST STRENGTH, THE PRIME MINISTER
URGENTLY NEEDS AND ASKS FOR OUR SUPPORT. I WOULD APPRECI-
ATE VERY MUCH YOUR TAKING A PERSONAL LOOK AT THIS IN
LIGHT OF THE DISCUSSIONS WE HAD WITH ZENHA IN PARIS, AND
LET ME KNOW IF IT IS POSSIBLE TO GO AHEAD WITH THE
300 MILLION DOLLAR LOAN THEY APPARENTLY NEED IN THE NEXT
LITTLE WHILE. KISSINGER

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ORIGIN SS-15

INFO OCT-01 ISO-00 SSO-00 /016 R

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DRAFTED BY:EUR/WE:WPKELLY

APPROVED BY:EUR:BLLAINGEN

S/S-O:LRMACFARLANE

----- 058877

R 050320Z OC 76

FM SECSTATE WASHDC

TO AMEMBASSY LISBON

S E C R E T STATE 246065

EXDIS - FOR AMBASSADOR

FOL RPT STATE 246065 ACTION MANILA 3 OCT QUOTE

S E C R E T STATE 246065

EXDIS FROM THE SECRETARY FOR SECRETARY SIMON

E.O. 11652: XGDS-4

TAGS:EFIN, PO, US

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UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE246065
Document Source: CORE
Document Unique ID: 00
Drafter: W.P. KELLY
Enclosure: n/a
Executive Order: X4
Errors: N/A
Film Number: D760373-0081
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761087/aaaacxzp.tel
Line Count: 168
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 21 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 APR 2004 by RowellE0>; APPROVED <11 AUG 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BALANCE OF PAYMENTS LOAN FOR PORTUGAL
TAGS: EFIN, PO, US, RP
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006